

A nonprofit organization which educates the public on the need and desirability for making housing available on a nondiscriminatory basis and encourages investment in such housing may be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

Advice has been requested whether the nonprofit organization described below may qualify for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was formed to educate the public about the need for making housing available to members of the public on a nondiscriminatory basis and to encourage investment in such housing. It disseminates information about its programs through newspaper advertisements, public addresses, radio talks, and direct mailings. It urges banks and other lending institutions to provide mortgage financing for such housing, and private investors are encouraged to set aside a percentage of their investment funds for such purposes. It does not invest in real estate or recommend the financial merits of any specific investments but merely advises on the availability of various investment opportunities relating to housing.

The organization conducts research into the investment policies of institutional investors. It uses this information to help bring potential investors together with contractors who are willing to erect housing for open occupancy. It also makes the results of this research available to the general public.

Its income is from public contributions. No part of its activities is carrying on propaganda, or otherwise attempting, to influence legislation.

Section 501(c)(3) of the Code provides that an organization organized and operated exclusively for charitable or educational purposes is exempt from Federal income tax.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term 'charitable' as used in section 501(c)(3) of the Code includes the relief of the poor and distressed or of the underprivileged, and promotion of social welfare by organizations designed to accomplish such purposes or to lessen neighborhood tensions, to eliminate prejudice and discrimination, to defend human rights secured by law, or to combat community deterioration and juvenile delinquency.

Section 1.501(c)(3)-1(d)(3)(i)(b) of the regulations provides that the term 'educational' relates to the instruction of the public on subjects useful to the individual and beneficial to the community.

The organization's activities are designed, through

educational means, to eliminate prejudice and discrimination. Accordingly, the organization qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(3) of the Code, file an application Form 1023, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.